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TAGS: PGOV EFIN KU NATIONAL ASSEMBLY

SUBJECT: PARLIAMENT APPROVES NEW PUBLIC AND AMIRI BUDGETS
PRIOR TO SUMMER RECESS; NEW "NATIONAL ACTION BLOC" FORMED

REF: KUWAIT 2871

Classified By: CDA Matt Tueller for reasons 1.4 (b) and (d)

¶1. (U) On July 18, Parliament held its final session before recessing for the summer. The assembly is scheduled to reconvene on October 30. During the session, Parliament voted 39 to 10, with two abstentions, in favor of the 2006-2007 public budget previously approved by the Cabinet. The 10.866 billion KD (\$37.57 billion) budget exceeds expected revenues by 2.346 billion KD (\$8.11 billion). The deficit is primarily due to "a seven-billion dollar payment to the state pension agency," the AFP reported. As required by Kuwaiti law, ten percent of the budget (852 million KD) is allocated to the Kuwait Fund for Future Generations. The most expensive item in the budget is "expenditure on salaries and wages," estimated at 2.72 billion KD (\$9.41 billion). The majority (95%) of Kuwait's employed citizens work in the public sector.

¶2. (C/NF) The Parliament also approved a Government proposal to increase "allocations" to the Amir from eight million KD (\$27.66 million) to fifty million KD (\$172.9 million) per year. According to Dr. Mohammed Al-Mquate', a constitutional expert, the allocations include not only the Amir's personal salary, but also the salaries of the estimated 1,500-1,700 other members of the ruling Al-Sabah family who are divided into four categories: 1) descendants of Mubarak Al-Kabir, the founder of modern Kuwait; 2) descendants of Mubarak Al-Kabir's brothers; 3) descendants of Mubarak Al-Kabir's uncles; and 4) all other Al-Sabah. Al-Mquate' said the salaries for each category are determined by the Amir. Dr. Nasser Al-Sane, a pro-reform Islamist MP, told Poloff prior to the vote that although this was a sensitive issue, there was considerable opposition in Parliament to increasing the allocations. That the proposal passed unanimously suggests MPs were ultimately unwilling to confront the Government over this issue, possibly due to the recent concessions the Government made to pro-reform MPs (reftel).

¶3. (U) Meanwhile, a new National Action Bloc (NAB) has been formed in Parliament by seven liberal, pro-reform MPs. The new bloc is headed by former Deputy Speaker Mishari Al-Anjari and includes MPs Mohammed Jassem Al-Sager, Faisal Al-Shaye, Ali Al-Rashed, Saleh Al-Fadhalah, Abdullah Al-Roumi, and Ahmed Al-Mulaifi. There are three other blocs in Parliament: the Popular Action Bloc (PAB), an alliance of eight pro-reform, independent MPs headed by Ahmed Saadoun; the Islamic Bloc, headed by Walid Al-Tabtabaei and expected to include all 18 Islamist MPs; and the Independent Bloc, expected to include 12 pro-Government "service deputies." The new membership of the Islamic Bloc and the Independent Bloc has yet to be formally announced. In the absence of political parties, these blocs help MPs coordinate their legislative strategy with similarly-aligned colleagues, and in most cases the bloc

votes as a group. The 16 Cabinet Ministers, who serve as ex officio MPs, always vote as a bloc. There are an additional four independent, government-leaning MPs, including the Speaker, who are not expected to join any parliamentary bloc.

¶4. (C/NF) Ahmed Deyain, an astute, liberal political analyst, told Poloff July 16 that the formation of the NAB was a significant development that would make coordination between pro-reform MPs easier. Together, the NAB, the PAB, and the Islamic Bloc, whose members all support political reform, have a simple majority (33 seats) in Parliament and can effectively push through any legislation they agree on, Deyain argued. Working through their respective blocs, pro-reform MPs will be able to more effectively coordinate on a shared reform agenda. Deyain believed the loose alliance between liberal and Islamist MPs supporting political reform would remain together, despite some mutual recriminations during the recent elections, which Deyain attributed to normal political competition.

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